P. A. C. 78

PUBLIC ACCOUNTS COMMITTEE
1962-63

THIRD REPORT

(THIRD LOK SABHA)

[Excesses over Voted Grants and Charged Appropriations disclosed in the Appropriation Accounts (Civil), 1960-61]

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PUBLIC ACCOUNTS COMMITTEE
(1962-63)

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Shri Mahavir Tyagi.

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2. Shri S. C. Balakrishnan
3. Shri Bhakt Darshan
4. Shri Gajraj Singh Rao
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21. Shri Rajeshwar Prasad Narain Sinha
22. Shri Jai Narain Vyas.

SECRETARIAT

Shri H. N. Trivedi—*Deputy Secretary.*

Report on Excesses over Voted Grants and Charged Appropriations disclosed in the Appropriation Accounts (Civil), 1960-61.

I

INTRODUCTORY

I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present this Third Report on the excesses over Grants/Appropriations, as disclosed in the Appropriation Accounts (Civil), 1960-61 which were presented to the House on the 4th June, 1962.

2. In para 2 of their Forty-first Report dealing with the Excesses over Grants/Appropriations relating to the year 1959-60 the Public Accounts Committee (1961-62) had commented upon the delay on the part of the Ministries in furnishing notes stating the reasons or circumstances leading to such excesses and had urged that the Ministry of Finance should impress upon all the Ministries that the prescribed time-limit of two months should be observed strictly by them in future.

The Committee note that while there has been some improvement in the situation, some of the notes were received in the Lok Sabha Secretariat more than two months after the presentation of the Appropriation Accounts to Parliament (viz. 4-8-1962), as will be seen from the dates shown in column 7 of the Statement in Paragraph 5 below. The Committee expect the Ministries strictly to adhere to the prescribed time limit and trust that every endeavour will be made to avoid similar delays in future. Had the Ministries furnished their notes in time, it would have been possible for the Committee to examine the excesses much earlier and present their report to Parliament in the August-September, 1962 session.

3. The Committee examined the excesses at their sitting held on the 18th October, 1962 in the light of the explanations furnished by the Ministries concerned (Appendices I to XIII).

4. One unsatisfactory feature noticed by the Committee was that out of 11 voted Grants in which excesses occurred, in as many as 5 cases, amounts were surrendered as late as in March, 1961. This would show that the Ministries concerned did not have a correct appreciation of the trends of expenditure against these grants right upto the end of the financial year. The Committee would like the Ministry of Finance to examine this aspect in detail in consultation with the Ministries concerned, so as to avoid such anomalous situations in future.

II

EXCESS GRANTS/APPROPRIATIONS

5. During the year ended the 31st March, 1961, the actual expenditure exceeded the Voted Grants/Charged Appropriations in the following cases:—

S. No.	No. and name of Grant	Ministry concerned	Final Grant/ Appropriation	Actual Expenditure	Excess	*Date of receipt of the note
	VOTED GRANTS					
1	24-Taxes on Income etc. . .	Finance	5,95,95,000	5,97,10,528	1,15,528	20-8-1962
2	35-Pre-Partition Payments † .	Finance	'38,42,000	'38,29,600†	..	4-10-1962
3	17-Naga Hills—Tuensang Area	External Affairs	3,26,09,000	3,33,18,126	7,09,126	4-9-1962
4	46-Cabinet	Home Affairs	'37,81,000	'39,86,819	2,05,819	4-8-1962
5	56-Manipur	Home Affairs	3,86,98,000	3,90,04,869	3,06,869	17-8-1962
6	66-Ministry of Labour and Employment.	Labour & Employment	20,61,000	21,14,222	53,222	6-8-1962
7	82-Miscellaneous Departments & Other Expenditure under the Ministry of Steel, Mines and Fuel	Steel, Mines & Fuel	51,89,99,000	53,61,99,220	1,72,00,220	6-9-1962

8	87-Lighthouses and Lightships	Transport and Commns.	1,50,07,000	1,57,69,314	7,62,314	29-8-1962
9	92-Communications (including National Highways) . .	Transport & Commns.	7,68,00,000	7,78,73,266	10,73,266	29-8-1962
10	133-Capital Outlay on Roads	Transport & Commns.	33,50,00,000	35,98,91,799	2,48,91,799	12-9-1962
11	96-Other Civil Works . .	Works, Housing & Supply.	32,96,55,000	34,60,65,450	1,64,10,450	4-10-1962
	CHARGED APPROPRIATIONS					
12	125-Other Capital Outlay of the Ministry of Irrigation and Power	Irrigation & Power	..	@5,134	@5,134	10-8-1962
13	133-Capital Outlay on Roads .	Transport & Commns	..	@6,682	@6,682	12-9-1962
14	134-Other Capital Outlay of the Ministry of Transport and Communications . . .	Transport & Commns.	..	19,629	19,629	31-7-1962

*The explanatory notes to be furnished by the 4th August, 1962.

†In view of the position explained by the Ministry of Finance in their note (Appendix II), there is no excess in this grant. In fact, this grant would show a saving of Rs. 12,400. In accordance with the principles laid down in para 7 of of the 16th Report of the Public Accounts Committee (First Lok Sabha), this item does not require regularisation.

@These figures represent the finally verified actuals and vary somewhat from those published in the Audit Report (Civil), 1962 due to misclassifications subsequently detected.

6. The Committee observe from the notes furnished to them by the Ministries concerned that, as in the previous years, the excesses were primarily due to defective assessment of requirements in the budget and in the revised estimates. In some cases misclassification in accounts was partly responsible for the excesses. This would indicate the imperative need for greater attention to estimating, control over progress of expenditure and prompt reconciliation of the departmental figures of expenditure with those of the Accounts offices.

7. The Committee also noticed some instances* where the expenditure incurred in compliance with awards given by the arbitrators/Courts was not provided for, resulting in such expenditure remaining uncovered. In all these cases, the expenditure had been incurred or atleast, the liability had been known by December 1960. It should, therefore, have been possible to obtain an advance from the Contingency Fund or a supplementary appropriation to cover the expenditure. Unfortunately, this was not done due to delay in reporting the expenditure incurred or through oversight or misunderstanding.

The Committee find from one of the explanatory notes on excesses (Appendix XII) that the Ministry of Finance have already issued clear instructions in June 1957 regarding provision for charged expenditure to meet payments of awards, Decrees, etc. likely to be made against Government during the year. They trust that these instructions would be followed strictly in future and that in regard to provision of funds to meet the expenditure on account of arbitration awards/Court Decrees and their correct accounting, there will be no oversights or misunderstandings.

8. The Committee would now proceed to deal with a few individual cases of excesses over Voted Grants which can be attributed to defective budgeting and control over expenditure.

(i) *MINISTRY OF EXTERNAL AFFAIRS*

†*Grant No. 17-Naga Hills-Tuensang Area—Excess Rs. 7,09,126 (voted).*

The excess of Rs. 7,09,126 over the sanctioned Grant has been stated to be mainly under Group Head A.8-POLICE, which was partly counterbalanced by savings under other Sub-heads within the

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*Vide S. Nos. 12, 13 and 14 of para 5 of this Report. (Appendices XII, X and XIII respectively).

†Appendix III.

Grant. The explanations furnished by the Ministry of External Affairs in this regard are as follows:—

(a) Adjustment of cost of ration supplied to Police Force by Defence Department which could not be foreseen and provided for in the final estimates. The actual requirements could not be assessed correctly due to non-receipt of accurate estimates from the Heads of Offices, which was in turn due to difficulties of communication.

(b) Inaccurate estimates submitted by the State Governments of Madras, U.P., Bombay and Madhya Pradesh in respect of their Police Battalions deputed to Nagaland.

Besides these factors, the Ministry have stated in their note that certain debits pertaining to previous years were raised by various State Governments through their Accounts Officers which also contributed to the excess in this grant. The Ministry have explained that although Nagaland Administration maintained a Libility Register, these debits could not be foreseen by that Administration as it had no prior intimation regarding the extent of debits which were likely to be raised against it; and as such, it was hardly possible to take any action to arrange for extra funds.

The Committee feel that the explanation of the Ministry is not quite satisfactory; for the Nagaland Administration should have got in touch with the State Governments concerned and the Accounts Officers and ascertained the extent of debits likely to be raised. Obviously this was not done. This only confirms that there has been lack of close liaison between the Administration and the concerned State Governments and Accounts Offices. The Committee consider that there is a need for closer co-ordination amongst the various departments concerned with the object of ensuring that the expenditure does not exceed the voted grants.

(ii) *MINISTRY OF HOME AFFAIRS*

**Grant No. 46—Cabinet-Excess Rs. 2,05,819 (Voted).*

In this Grant, the excess occurred mainly under the sub-head A-3 Tour Expenses, which was due to more touring than anticipated by the Ministers and Deputy Ministers towards the close of the financial year and it was not, therefore, possible to provide additional funds to cover the excess.

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*Appendix IV.

The Committee are not convinced with the explanation offered. The tours of the Ministers must have been notified well in advance. Had the Ministry exercised a close watch over the expenditure on account of tours, consulting the tour programmes from time to time, the resultant excess could have been avoided. It is not understood why a surrender of Rs. 47,900 was made on 31-3-1961, while on the other hand the expenditure had actually been incurred in excess of the grant.

Incidentally, a statement showing the expenditure booked under the head "Tour Expenses of Ministers" in this grant for the last four years is given in Appendix XIV, from which it will be seen that the expenditure in 1960-61 was Rs. 9,58,010 as against the figure of Rs. 5,57,446 in 1957-58.

(iii) *MINISTRY OF HOME AFFAIRS*

**Grant No. 56—Manipur—Excess Rs. 3,06,869 (Voted).*

In this case, the excess occurred mainly under the following heads:

(a) Account III-Civil Administration—D. Police-D. 1-District Executive Force-D. 1(2)-Other Police (Manipur Rifles) —Rs. 2,30,847.

(b) Account IV-Civil Works and Miscellaneous Public Improvements-B. Receipts from Road & Water Transport Scheme—Working Expenses—B. 1-Expenditure on Bus Service—B. 1(2)-Operation—Rs. 1,38,867.

The total gross excess of Rs. 3,69,714/- has been counterbalanced by savings under other heads, thereby bringing down the net excess to Rs. 3,06,869.

As regards (a) above, the Ministry of Home Affairs have stated that the excess under this group-head was due to payment of porterage for the unanticipated movement of the personnel of Eastern Rifles from place to place for security reasons and due to more expenditure on ration, equipment, clothing, jeeps and air dropping of material for the Manipur Rifles, necessitated by the Naga Hostilities. The strength of the Manipur Rifles was increased gradually from August, 1960 to February, 1961. It was, therefore, rather difficult to make a very accurate and timely estimate of the actual requirements of funds on this account. It has further been stated that the proposal of the Manipur Administration for the Supplementary Grant of Rs. 59·52 lakhs received in the second week of January, 1961 was finalised and referred to the Ministry of Finance on 11-1-1961. The Manipur Administration in their subsequent letter of 12-1-1961 asked

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*Appendix V.

for additional funds to the extent of Rs. 1·50 lakhs. This letter was received in the Ministry on 19-1-1961, when it was too late to make any modifications in the supplementary demand already agreed to by the Ministry of Finance. The Ministry of Home Affairs did not consider it appropriate to seek an advance from the Contingency Fund of India thinking that the additional funds sought by the Manipur Administration in their letter dated 12-1-1961 were insignificant as compared to the final grant.

The Committee are not convinced of the above explanation given by the Ministry. They feel that the Ministry acted on assumptions instead of reviewing the position with reference to the expenditure already incurred by an actual needs of the Manipur Administration.

As regards (b) above, the Ministry have stated that the excess under this head was due to payment of bills in respect of private vehicles engaged in connection with transportation of rice from Manipur Road (Dimapur) to Imphal. The Manipur State Transport Department was under the misapprehension that the amount payable by the State Trading Officer in respect of transportation of rice was to be adjusted in the accounts as reduction of expenditure and was not to be credited as receipts, and that no provision of funds was, therefore, necessary to meet this expenditure. Accordingly, no provision of funds was made by the Administration to meet this expenditure.

The Committee observe from the Ministry's explanation that the excess was primarily due to lack of knowledge of the accounting procedure regarding the receipts from the State Trading Department. This would indicate the need for greater attention to accounting of transactions in order to ensure proper control over expenditure.

(iv) *MINISTRY OF STEEL & HEAVY INDUSTRIES*

**Grant No. 82—Miscellaneous Departments and other Expenditure*

Excess Rs. 1,72,00,220 *(Voted)*

The excess of Rs. 1,72,00,220 over the sanctioned Grant in this case has occurred mainly under Group Head B-4 Transfer to Iron and Steel Equalisation Fund of not proceeds of Surcharge and Miscellaneous Receipts. The Ministry of Steel & Heavy Industries have stated in their note that during the first half of the year in question, realisation from M/S TISCO was not forthcoming regularly and it was felt that the entire budget provision under this sub-head might

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*Appendix IV.

not materialise. The Ministry, therefore, reappropriated certain amount from this sub-head to the other. However, contrary to their expectations, the flow of receipts under the Group Head 'B-4' was stepped up causing an excess of Rs. 1,80,96,922. **Even allowing for the factors mentioned by the Ministry, the large excess of Rs. 1.81 crores indicates that there has been a failure to make a reasonable assessment in time of the amounts likely to be realised from the Steel Producing Companies. The Committee trust that the Ministry will endeavour to improve the procedure in this respect.**

(v) *MINISTRY OF TRANSPORT & COMMUNICATIONS (DEPARTMENT OF TRANSPORT)*

**Grant No. 87—Lighthouses and Lightships*

Excess Rs. 7,62,314 *(Voted).*

The excess under the Grant has been stated as due to—

(i) Unanticipated adjustment of debits for the equipment ordered in 1957 for the Decca Chain Stations of the East Coast and West Coast through the D.G.I.S.D., London (Rs. 7,29,713).

(ii) Adjustment of more expenditure on account of customs duty for equipment imported from abroad than was anticipated in the final Grant (Rs. 2,88,748).

(iii) Adjustment of debit from the D.G.S. & D. in Saurashtra, Kutch District for the supply of Sikka Buoys which could not be anticipated in final grant for want of information (Rs. 36,037).

(iv) Minor excess (Rs. 19,950).

Note: The excess of Rs 10,74,448 was offset by the saving of Rs. 3,12,134 leaving the net excess of Rs. 7,62,314 uncovered.

The reasons stated at (i) to (iii) above, would show that the Ministry's control over expenditure has not been adequate and effective. The Committee feel that the unliquidated liabilities could have been foreseen if a proper watch had been kept through the Liability Register and if the Ministry had been in constant touch with the concerned Departments from whom the debits were to be received. The Committee, however, hope that suitable steps will be taken to ensure that such excess do not recur.

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*Appendix VIII.

(vi) *MINISTRY OF TRANSPORT & COMMUNICATIONS (DEPARTMENT OF TRANSPORT)*

**Grant No. 133—Capital Outlay on Roads*

Excess Rs. 2,48,91,799 (Voted)

The overall excess of Rs. 2,48,91,799 in this Grant, which occurred under the Group Head A-2 Construction of Border Roads, has been attributed mainly to the following reasons:

(a) Contrary to expectation, most of the machinery and equipment ordered abroad and in India through the D.G.S. & D. materialised and were paid for during 1960-61 itself, instead of the 1961-62, as originally expected.

(b) One of the main items obtained from Defence stock was bridging. The actual price to be paid for this item was under consideration and as such it was anticipated that adjustment on this account would be made only in the succeeding year. However, rates were fixed during June, 1961 and adjustment was carried out in the supplementary accounts of the year 1960-61.

(c) Expenditure incurred on certain urgent and unforeseen works.

The Committee are of the view that the excesses mentioned at (a) and (b) above, could have been anticipated and provided for, had there been close liaison between the indenting and supplying Departments.

In regard to item (c) involving expenditure of Rs. 72·51 lakhs on certain urgent and unforeseen works (roads), the Committee feel that even though the works were of an urgent nature, their completion should have taken enough time to enable the Ministry to arrange for a supplementary grant.

(vii) *MINISTRY OF WORKS, HOUSING AND SUPPLY*

†Grant No. 96—Other Civil Works

Excess Rs. 1,64,10,450 (Voted)

The excess occurred under the following heads:—

(i)	B—Repairs	Rs. 58,740
(ii)	C—Establishment	Rs. 3,35,794
(iii)	G—Suspense	Rs. 1,92,21,939

*Appendix X.
†Appendix XI.

The total gross excess of Rs. 1,99,16,473 was offset by savings under other heads of the Grant, leaving an uncovered excess of Rs. 1,64,10,450 under 'Suspense' head requiring regularisation.

As regards (i) above, the Ministry have stated that the excess under the head 'Repairs' was due to misclassification of expenditure of Rs. 3,92,113 relating to 'Furniture' under this sub-head instead of under 'E-Furniture' under which corresponding savings had accrued. **If the departmental figures had been classified properly and reconciled with the accounts in time as enjoined on the Controlling Officers, misclassification could have been detected earlier and rectified in time.**

The Committee also feel that had a proper watch been kept over the trend of expenditure with reference to the sums allotted under various heads in the Grant, such a glaring misclassification could have been detected and set right earlier.

As regards (ii), the excess is stated to have resulted on account of adjustments of pay, allowances, etc., pertaining to the year 1959-60, in March, 1961 final and supplementary Accounts. Due to late receipt of vouchers from the division through the Accountants General of the respective States, the expenditure could not be booked in the Accounts for 1959-60.

The Comittee view with concern the fact that the omission to include in the accounts for 1959-60 a substantial amount of expenditure which had been incurred in that year did not come to light in time during the reconciliation of the expenditure between the departmental and the Accounts Office books. This seems to indicate either that the departmental registers have not been maintained properly or that the work of reconciliation is not being given the care and attention it deserves. The need for close liaison between the departmental authorities and the Accounts Department is indicated. Had the Departmental Authorities pointed out to the Accountant General concerned that in a particular month certain amounts have not been adjusted on account of pay, etc., this would have enabled the latter to take timely action to ensure that necessary adjustments were effected in the accounts of the year 1959-60 itself. The Committee trust that the manner in which reconciliation is being done will be reviewed and the procedure set right.

As regards (iii), the Committee find from the Ministry's note that the excess under the head 'Suspense' has been due to the following reasons:—

(a) Omission to provide funds,

(b) receipt of more materials than anticipated,

(c) adjustment of old outstanding debits,

(d) Short provisions of funds,

(e) erroneous adjustments,

(f) purchase of more material to meet the increased tempo of Development Works,

(g) unanticipated adjustment of debits,

(h) inadequate provision made by some Executive Engineers due to their omission to provide for gross debits under 'Suspense'.

All the specific lapses indicated above point to a failure on the part of the Controlling Officers to observe the prescribed procedure and could have been largely avoided. The Committee observe that there had been excess expenditure against this grant every year, since 1952-53, except in 1958-59. This would indicate a sense of complacency on the part of the Ministry, in allowing such an unsatisfactory state of affairs to continue year after year.

The bulk of excess has been under the head 'Suspense' which has been the subject of criticism in the past by the Public Accounts Committee. In para 7(vi) of 23rd Report, (1959-60) and para 6(v) of 41st Report (1961-62), the Committee have recommended that the procedure for budgeting and accounting of 'suspense' head should be reviewed and a new procedure evolved early so that the provision under this Grant is not subject to wide fluctuations as at present. In this connection the Committee would invite attention to the Ministry's note dated 4th December, 1959 [Appendix XI to Twenty-Third Report (1959-60) of the P.A.C.] in which the Ministry had admitted that "the budgeting and accounting of 'Suspense' head has been creating a problem for the last few years and the whole procedure is already under examination in Ministry of Finance in consultation with the Comptroller and Auditor General of India. At present the procedure is complicated and it has not been found practically possible to forecast the estimates under this head with any degree of accuracy".

No effective steps appear to have been taken so far to improve the position. The Committee recommend that the matter needs some serious rethinking so that a suitable procedure may be devised in consultation with the Ministry of Finance/Comptroller & Auditor General to improve the technique of estimating and control over 'suspense' transactions.

9. Subject to the above observations, the Committee recommend that the excesses referred to in para 5 above be regularised by Parliament in the manner prescribed in Article 115 of the Constitution.

10. The Committee would like to place on record their appreciation of the assistance rendered to them in this task by the Comptroller & Auditor General of India.

MAHAVIR TYAGI,
Chairman, Public Accounts Committee.

NEW DELHI;
The 22nd October, 1962.
Asvina 30, 1884 (Saka)

PART II

Proceedings of the sittings of the Public Accounts Committee held on the 18th October, 1962

Proceedings of the 34th sitting of the Public Accounts Committee held on Thursday, the 18th October, 1962.

The Committee sat from 10·00 to 11:15 hours.

PRESENT

Shri Mahavir Tyagi—*Chairman*

MEMBERS

2. Shri Bhakt Darshan
3. Shri Gajraj Singh Rao
4. Shri Hem Raj
5. Sardar Kapur Singh
6. Shrimati Maimoona Sultan
7. Dr. P. Mandal
8. Shri Mathura Prasad Mishra
9. Shrimati K. Bharathi
10. Shri Dahyabhai V. Patel
11. Shri Sonusing Dhansing Patil
12. Shri Lalji Pendse
13. Shri Rajeshwar Prasad Narain Sinha

Shri G. Swaminathan—*Addl. Dy. Comtproller & Auditor General.*

Shri P. K. Rau—*Director of Audit, F.R.S.C.S. & M.*

SECRETARIAT

Shri H. N. Trivedi—*Deputy Secretary.*

The Committee considered and approved the Draft Third Report on Excesses over Voted Grants and Charged Appropriations disclosed in the Appropriation Accounts (Civil), 1960-61 subject to certain modifications here and there.

The Committee authorised the Chairman to sign the Report and to present it to the Lok Sabha.

The Committee also authorised Shri Sonusing Dhansing Patil|Shri R. P. N. Sinha to lay the Report on the Table of the Rajya Sabha.

The Committee then adjourned to meet again at 14·30 hours on Thursday, the 18th October, 1962.

APPENDICES

APPENDIX I

MINISTRY OF FINANCE (DEPARTMENT OF REVENUE)

Note Explaining the Excess in the Grant No. 24—Taxes on Income Including Corporation Tax etc. for 1960-61, *Vide* Appropriation Accounts (Civil) 1960-61.

In Grant No. 24—Taxes on Income including Corporation Tax etc., there is a net excess of Rs. 1,15,528. Excess has occurred mainly under the following heads:—

A-3. Statistical Branch (Income-tax)	Rs. 2,05,449
B-Collection of Income-tax (Voted)	Rs. 2,58,06,598
E-Taxes on Wealth	Rs. 87,816
F-Taxes on Railway Fares	Rs. 1,64,108.

There have been some savings under other heads in this Grant, partly off-setting the excess occurring under the above heads with the result that there is left in the Grant as a whole a net excess of Rs. 1,15,528 only.

2. The circumstances in which the excesses mentioned above occurred are indicated below:—

(i) The Statistical Branch (A.3) was amalgamated with effect from 1st December 1960 with the newly created 'Directorate of Inspection (Research, Statistics and Publication)', of which it now forms an integral part. The expenditure relating to the former office should, therefore, have been normally booked under the head A.4 relating to the Directorate of Inspection (Research, Statistics and Publication). Since this was not done, there remained an excess under A.3 to the extent of Rs. 2,05,449 and a corresponding saving of Rs. 2,06,200 under the head A.4. In other words the excess under group head A.3 did not result in the grant as a whole being exceeded.

(ii) As regards the excess under head B, the position is as follows:—

In the Income-tax Department no separate staff is employed for different direct taxes. The budget estimates

relating to all the taxes are, therefore, in the first instance proposed under the head 'B-Collection of Income-tax'. Thereafter, the estimates relating to the other taxes are worked out on the basis of the prescribed formula and are exhibited separately under the heads C, D, E, G and H *and* corresponding deduction is made from the head B. In January, 1960, while formulating the Budget Estimates of expenditure for 1960-61 in respect of Corporation Tax, Estate Duty etc., the total expenditure of the Department (i.e. the total amount provided as Budget Estimate under the Grant) was allocated among these taxes in proportion to the revenue receipts from each tax since the formula which was to be adopted for this purpose had not been finalised at that time. However, when the actual expenditure figures were worked out in April, 1962 the formula had been finalised and so the same was used in the calculations. According to this formula the cost of collection of Corporation Tax and Estate Duty is to be taken as 0·290% and 2·038% respectively of the revenue receipts from them. The balance of the expenditure is to be distributed among the other taxes in proportion to the respective revenue receipts. Due to this change in the method adopted for working out the Budget Estimates and the Actual expenditure figures, there is wide variation in the figures relating to Corporation Tax. Thus the Budget Estimate of Corporation Tax was fixed at Rs. 3,03,50,000 whereas the actual expenditure figure was worked out as Rs. 45,86,041. Therefore there is saving of Rs. 2,57,63,959 under the head 'C-Collection of Corporation Tax'. As explained above the Budget Estimate figure of Corporation Tax *viz.* Rs. 3,03,50,000 was deducted from the head 'B-Collection of Income-tax' and shown separately under the head 'C-Collection of Corporation Tax'. Since this deduction was too much, there is an excess of Rs. 2,58,06,598 under the head B which almost corresponds to the saving under the head C. In the nature of things, the estimates and the allocation according to the formula cannot be very precise, though all efforts to arrive at a correct estimation are made. Taking the variations shown against the heads B, C, D, E, G & H there is only an excess of Rs. 86,220 over the Final Grant which cannot be considered to be excessive.

(iii) The excess under the head 'F-Taxes on Railway Fares'—the expenditure under this head represents the cost of collection payable to the Railways who were responsible for collecting the tax along with the relevant passenger fares. The estimate of the cost of collection was fixed at Rs. 9,67,550 which was the amount proposed to be fixed on final basis. This was done in consultation with the Comptroller & Auditor General of India in July, 1961 i.e. after the close of the year to which the accounts relate. Pending fixation of the cost on final basis, however, the Railways had been allowed in 1959 to retain *provisionally* 0·7% of the gross collection of the tax towards cost. The amount so retained was taken as the figure of expenditure. This exceeded however the figure of cost ultimately fixed, by Rs. 1,64,108. It will thus be seen that this figure does not represent any expenditure actually incurred in excess of the sanctioned grant but is only the amount retained by the Railways on a provisional basis pending the fixation of the cost. The latter has since been done finally in consultation with the Comptroller & Auditor General and the Railways have been instructed to refund the amount of Rs. 1,64,108 to the general revenues. The excess will be regularised when the necessary book adjustment is carried out by the Accountant General, Central Revenues between the two Ministries concerned, namely the Ministry of Finance and the Ministry of Railways. (It may be added in this connection that the Railway Fares Act, 1957 under which the tax was being levied has since been repealed with effect from 1st April, 1961). It will thus be seen that there is no actual excess under the head F.

V. V. CHARI,

Additional Secretary to the Government of India.

APPENDIX II

No.F.8(2)-B/62

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(Department of Economic Affairs)

New Delhi, the 4th October, 1962

OFFICE MEMORANDUM

SUBJECT:—*Note regarding excess in the Grants and Appropriation as reported in the Appropriation Accounts (Civil) for 1960-61 relating to the Ministry of Finance.*

GRANT No. 35-PRE-PARTITION PAYMENTS.

Final Grant	(Voted)	Rs. 38,42,000
Actual expenditure	(Voted)	Rs. 38,78,636
	Excess (Voted)	Rs. 36,636

Certain Defence works were entrusted for execution to the Central Public Works Department in the prepartition period. The excess of Rs. 36,636, as disclosed in the Appropriation Accounts 1960-61, would not have occurred but for the erroneous adjustment of debits amounting to Rs. 49,036, representing departmental charges on those works raised by the Accountant General, Central Revenues against the Controller of Defence Accounts, Western Command, under the Major head "64C-Prepartition Payments—Defence Services" in the Accounts for March (Final) 1961. No debit should, however, have been raised against the Defence Accounts Officers for this purpose as according to the instructions issued in 1949 and 1950 (Annexure I & II), no inter-departmental adjustments were to be made in respect of transactions relating to the pre-Partition period which could not be settled in the pre-Partition Accounts. These instructions were over-looked by the Public Works Division while making the adjustment in the Divisional Accounts and the fact that they were not in conformity with the orders on the subject was also not noticed in Audit before the Accounts of the year were closed.

It would thus be seen that the excess under this Grant is due to an erroneous adjustment made in the Accounts. If this is omitted the Grant would show a saving instead of an excess in the voted portion. It is accordingly suggested that in conformity with the decision taken in paragraph 7 of the 16th Report of the Public Accounts Committee (First Lok Sabha) the above adjustment may be ignored while making the recommendation to the Parliament for regularising this excess.

The above note has been seen by Audit.

(SHIV NAUBH SINGH),

Joint Secretary to the Government of India.

To

The Chairman and Members of the Public Accounts Committee.

ANNEXURE I

No. A/9908

Mily. Acctt. General's Office

New Delhi, dated 11-10-1949.

To

All Controllers.

SUBJECT:—*Preparation transactions—adjustment of.*

In accordance with the Auditor General's letter No. 687-Comp/48-49 dated 28th August, 1949, reproduced in this office circular No. A/9304 dated 1st September 1949, orginal items in respect of preparation transaction which are left ever for adjustment on the closing of the accounts for the preparation period, are required to be passed on through the Exchange Accounts for the postpartition period to the Audit Officer concerned.

2. It has, however, been decided by the Ministry of Finance that no inter-departmental adjustments in respect of outstanding transactions relating to the pre-partition period which could not be passed on through the pre-partition accounts for any reason whatever are now necessary between the defence and other departments of the Central Government unless they involve adjustment under capital heads.

Accordingly, the transactions of the above nature if passed on to you by the Account Officers of the various Civil Departments of the Central Government through their exchange accounts, should not be accepted. Similarly, such transactions originating in your books

should not be passed on to the Civil Accounts Officers. The Auditor General has been requested to issue suitable amendments to his letter.

3. Transactions pertaining to the pre-partition period which originated during the post-partition period and involve adjustments between the departments of the Central Government are only those in respect of which cash is either received or paid in the latter period. Such transactions will continue to be passed on to the Accounts Officer concerned through Exchange Account and conversely if passed on by them, should be adjusted by you.

4. Please acknowledge receipt.

Sd/- P. C. BHATTACHARYA,
for Military Accountant General.

ANNEXURE II

Copy of M.A.G's Office, New Delhi Circular letter No. A./9908 dated the 30th September, 1950 addressed to all controllers.

SUBJECT:—*Pre-partition transactions—settlement of.*

Reference:—This office circular No. A./9908 dated 11-10-1949.

It was stated in para 2 of this office circular quoted above that no inter-departmental adjustments in respect of outstanding transactions relating to the prepartition period which could not be passed on through the preparation accounts are now necessary between the Defence and other Departments of the Central Government unless they involve adjustment under Capital heads. It was further stated in para 3 of that circular that such of the prepartition transactions in respect of which cash is either received or paid during the post-partition period on behalf of another Department will continue to be adjusted through the Exchange Accounts.

2. The position regarding the transactions referred to above has since been reconsidered by the Ministry of Finance and it has been decided with the concurrence of the Comptroller and Auditor General of India that no inter-departmental adjustments need be carried out in respect of outstanding pre-partition tarnsactions effecting capital heads as well. It has further been decided that payments made by the D.As.G.I. & S. in the post-partition period in respect of pre-partition defence transactions will be compiled by them finally in their books under Major Head 64-C and that no debits on this account will be passed to the Controllers of Military Accounts. The possibility of any other Accounts Officer of the Central Government making payment on behalf of another Department of the Central Government in respect of an outstanding prepartition transaction is now extremely

remote. In case, however, any such payment is made, the items will be debited to the Accounts Officer (Civil or Defence) concerned through the Exchange Accounts.

3. The pre-partition transactions effecting Capital, Debt and Deposit head will be intimated (without accounts adjustment) to the Accounts Officer concerned. On receipt of such intimation necessary corrections in the opening balance adopted under the heads concerned on 15,8.1947 should be carried out. These corrections will, again be without any accounts adjustments. A statement showing the items so taken over on your books may also kindly be furnished alongwith the other items referred to in part 3(a) of this office circular No. A/9908 dated 6th May 1950.

Please acknowledge receipt.

Sd./- P. C. BHATTACHARYA,
for Military Accountant General.

APPENDIX III

MINISTRY OF EXTERNAL AFFAIRS

SUBJECT: *Regularisation of excess over Voted Grant No. 17-Naga Hills—Tuensang Area, disclosed in the Appropriation Accounts (Civil), 1960-61.*

The amount voted during 1960-61 under Grant No. 17-Naga Hills-Tuensang Area was Rs. 3,26,09,000/- and the actual expenditure amounted to Rs. 3,33,18,126/- thereby resulting in a net excess of Rs. 7,09,126/- over the sanctioned grant. However, on account of non-implementation of certain schemes under Sub-Head C-3(1)—Community Development Projects, Local Development Works and National Extension Service (PLAN) against Group Head—C-MISCELLANEOUS EXPENDITURE within the Grant, an amount of Rs. 2,14,000 was surrendered in March, 1961 as disclosed in the Appropriation Accounts.

2. The Excess of Rs. 7,09,126 over the Sanctioned Grant was mainly due to excess under Group Head A. 8—POLICE, which was partly counterbalanced by savings under other Sub-heads within the Grant. The final position of the Provisions in respect of each of the Sub-heads under Group Head A. 8 stood as under:—

Group Head and Sub-head	Original Grant	Re-appropriation	Final Grant	Actual Expenditure	Excess(+) Saving (—) over the Final Grant.
1	2	3	4	5	6
A.8 POLICE					
	Rs.	Rs.	Rs.	Rs.	Rs.
A.8(1) District Executive Force	42,00,000	(—) 7,63,800	34,36,200	37,61,708	(+) 3,25,508
A.8(2)-Works	10,000	(+) 1,14,000	1,24,000	79,424	(—) 44,576
A.8(3)-Payments to other Govt. Departments etc.	1,00,00,000	(—) 33,700	99,66,300	1,23,95,742	(+)24,29,442
TOTAL	1,42,10,000	(—) 6,83,500	1,35,26,500	1,62,36,874	(+)27,10,374

3. The explanations for variations under various Sub-heads of Group Head A. 8-POLICE were as follows:—

A. 8(1) The excess of Rs. 3,25,508 was due to adjustment of cost of ration supplied to Police Force by Defence Department which could not be foreseen and provided for in the Final Estimates. The actual requirements could not be assessed correctly due to non-receipt of accurate estimates from the Heads of Offices, which was in turn due to difficulties of communication.

A. 8(2) The saving of Rs. 44,576/- was mainly due to slow progress of the works.

A. 8(3) The excess was chiefly on account of inaccurate estimates submitted by the State Governments of Madras, U.P., Bombay and Madhya Pradesh in respect of their Police Battalions deputed to Nagaland.

It may be further added that the original budget provision of Rs. 1,00,00,000/- under Sub-head A.8(3) was reduced to Rs. 99,66,300/- in March, 1961 on the basis of final estimates compiled in accordance with the demands of the State Governments mentioned above, and, against this final provision of Rs. 99,66,300/- debits to the extent of Rs. 1,23,95,742/- pertaining not only to the year 1960-61 but also to previous years, were raised by various State Governments through their Accounts Officers causing thereby an excess of Rs. 24,29,442/- over the final grant. Debits to the extent of Rs. 37,20,017/- and Rs. 20,90,018 were adjusted by the Accountant General, Assam, in the accounts for the months of 3/61 (Final) and 3/61 (Supplementary), which were closed in the months of June, 1961 and July, 1961 respectively. Although Nagaland Administration maintained a Liability Register these debits could not be foreseen by the Administration as it had no prior intimation regarding the extent of debits which were likely to be raised against it. As such, it was hardly possible to take any action to arrange for extra funds.

5. The excess of Rs. 27,10,374/- over the Final Grant under Group Head A. 8 was partly counter-balanced by savings occurring under Other Group Heads and thereby resulting in a net excess of Rs. 7,09,126/- only over the Sanctioned Grant.

6. It is now requested that in view of the position explained above, the net excess of Rs. 7,09,126 may kindly be recommended for regularisation.

APPENDIX IV

Note regarding the amount expended in excess of the grant for the year ended 31st March, 1961, in respect of Grant No. 46-Cabinet in the Ministry of Home Affairs

Final Grant	Rs.	37,81,000
Actual Expenditure	Rs.	39,86,819
Excess	Rs.	2,05,819

In accordance with Article 115 of the Constitution this excess expenditure is required to be regularised by Parliament.

2. The excess mainly occurred under the following sub-head:—

Sub-head	Final Grant	Actual Expenditure	Excess
A.3—Tour Expenses	7,00,000	9,58,010	(+) 2,58,010

The expenditure under the above sub-head is in its very nature of an uncertain and fluctuating nature and mainly depends on the extent of tours undertaken by the Ministers. It is not, therefore, possible to foresee with a degree of precision and exactitude the expenditure likely to be incurred on this account during any particular year. Necessary provision of funds under this sub-head is, therefore, made in the light of actual expenditure incurred during the previous years. The actual expenditure under this sub-head during the years 1958-59 and 1959-60 was Rs. 6·49 lakhs and Rs. 6·44 lakhs respectively. Keeping in view the trend of expenditure during the previous two years a sum of Rs. 7·00 lakhs was finally retained under this sub-head during the year 1960-61. The actual expenditure, however, amounted to Rs. 9,58,010 resulting in an excess of Rs. 2,58,010 under this sub-head. This excess is mainly due to more touring by the Ministers and Dy. Ministers towards the close of the year than anticipated. This excess came to light only after the close of the financial year. It was not, therefore, possible to provide additional funds to cover the excess during the financial year (1960-61).

3. The excess under this sub-head was to some extent counter-balanced by savings elsewhere in the grant bringing down the net excess for the grant as a whole to Rs. 2,05,819.

4. This note has been seen by Audit.

(FATEH SINGH),
Joint Secretary.

APPENDIX V

Explanatory Note in respect of the excess in Grant No. 56-Manipur for 1960-61

Original Voted Grant :	Rs.	3,27,46,000
Supplementary Voted Grant :	Rs.	59,52,000
Final Voted Grant :	Rs.	3,86,98,000
Actual Expenditure Voted :	Rs.	3,90,04,869
Excess	Rs.	3,06,869

The above excess of Rs. 3,06, 869/- is mainly attributable to the following group-heads to the extent shown against each:—

Account III-Civil Administration

Group head

(A) D. Police

D.1-District Executive Force

D.1(2)-Other Police (Manipur Rifles) Rs. 2,30,847

Account IV-Civil Works and Miscellaneous Public Improvements

Group-head

(B) B. Receipts from Road & Water Transport Scheme-Working Expenses :

B.1-Expenditure on Bus Service

B.1(2)-Operation Rs. 1,38,867

TOTAL Rs. 3,69,714

2. The above gross excess of Rs. 3,69,714/- has been counter-balanced to the extent of Rs. 62,845/- by savings under other sub-heads, thereby bringing down the net excess to Rs. 3,06,869/-. The excess is due to the reasons explained in the following paragraphs:—

(A) *Account III-Civil Administration*

D. Police

D.1-District Executive Force

D.1(2)-Other Police (Manipur Rifles) Rs. 2,30,847

Due to adjustment of debits for the year 1959-60 in respect of Assam Rifles Units (Rs. 25,10,000/-) and expenditure on Companies of West Bengal Police (Rs. 40,000/-) and expenditure on Bihar Military Police (Rs. 8,50,000/-), the original provision of Rs. 46,74,600/- under this head was enhanced to Rs. 80,74,600/- by obtaining a supplementary grant of Rs. 34,00,000/-.

When the grant as a whole was reviewed towards the close of the financial year in March, 1961 a sum of Rs. 3,79,800/- was found to be surplus to requirements owing to lesser deployment of Units of Eastern Frontier Rifles than originally intended, as also some vacancies. This amount was accordingly reappropriated to other sub-heads. Against the final grant of Rs. 76,94,800/- the actual expenditure amounted to Rs. 79,25,647/-. The excess of Rs. 2,30,847/- under the group-head as a whole was due to payment of porterage for the unanticipated movement of the personnel of Eastern Frontier Rifles from place to place for security reasons and due to more expenditure on ration, equipment, clothing, jeeps and air dropping of material for the Manipur Rifles, necessitated by the Naga Hostiles. The strength of the Manipur Rifles was increased gradually from August, 1960 to February, 1961. It was, therefore, rather difficult to make a very accurate and timely estimate of the actual requirements of funds on this account.

During the year 1960-61 the Ministry of Finance had prescribed 16th January, as the last date for submission to them of all proposals for supplementary grants complete in all respects. The proposal of the Manipur Administration for the supplementary grant of Rs. 59·52 lakhs received in the second week of January, 1961 was finalised and referred to the Ministry of Finance on 11th January, 1961. The Manipur Administration in their subsequent letter dated 12th January, 1961 asked for additional funds to the extent of Rs. 1:50 lakhs. This letter was received in this Ministry on 19th January, 1961 when it was too late to make any modifications in the supplementary demand of Rs. 59·52 lakhs in respect of Manipur as the same had already been agreed to by the Ministry of Finance on 16th January, 1961. It was not considered appropriate to seek an advance from the Contingency Fund of India as a Supplementary Demand of Rs. 59.52 lakhs had already been sought only a few days earlier and the amount of additional funds required by the Administration *viz.* Rs. 1.50 lakhs was insignificant as compared to the final grant of Rs. 386.98 lakhs. It was expected that this amount which was only about Rs. 3/- per

cent of the final grant would in all probability be covered by savings under the Grant.

(*B*) *Account IV-Civil Works and Miscellaneous Public Improvements*

B. Receipts from Road and Water Transport Schemes-Working Expenses :

B.1-Expenditure on Bus Service

B.1(2)-Operation Rs. 1,38,867

Due to reclassification of expenditure the original provision of Rs. 86,500/- under this head was enhanced to Rs. 15,93,800/- by re-appropriating a sum of Rs. 15,07,300/- from the head 'B.1(1) Direction'. However, the actual expenditure under the head amounted to Rs. 17,32,667, thereby resulting in an excess of Rs. 1,38,867. This was mainly due to payment of bills in respect of private vehicles engaged in connection with transportation of rice from Manipur Road (Dimapur) to Imphal. This rice was required to meet the scarcity of foodgrains in the territory. These vehicles were engaged by the Manipur State Transport on behalf of the State Trading Organisation in Manipur. The expenditure was initially to be paid to the vehicle owners by the Manipur State Transport and subsequently recoverable from the State Trading Department on whose behalf the rice was transported. The rice was made available by the Ministry of Food & Agriculture from the Central Government Depots in Assam. The payment to the vehicle owners involved checking up of various documents before the final payments could be authorised by the State Trading Department. The State Trading Officer made the payment to the Manipur State Transport on 29-3-1961. The Manipur State Transport Department was under the misapprehension that the amount payable by the State Trading Officer in respect of transportation of rice was to be adjusted in the accounts as reduction of expenditure and was not to be credited as receipts, and that no provision of funds was therefore necessary to meet this expenditure. Accordingly no provision of funds was made by the Administration to meet this expenditure. The amount, however, was correctly adjusted as receipts with the result that there was an excess under the sub-head B.1(2)-Operation. The correct position is that even if the recovery from the State Trading Officer is taken as a reduction of expenditure by virtue of the functions discharged not being germane to the essential purpose of the Department, provision of funds should have been made under this head and the anticipated recovery should have been exhibited separately as recoveries of expenditure. This

was pointed out to the Administration by the A. G. Shillong in April, 1962. By this time however, the accounts had already been closed. The Manipur Administration has since been instructed to avoid such instances in future.

3. This note has been seen by audit.

(A. D. PANDE),
Joint Secretary to the Govt. of India.

APPENDIX VI

GOVERNMENT OF INDIA

MINISTRY OF LABOUR AND EMPLOYMENT

NOTE

SUBJECT: *Regularisation of Excess over Voted Grant disclosed in the Appropriation Accounts (Civil) 1960-61—Grant No. 66—Ministry of Labour and Employment.*

GRANT NO. 66—MINISTRY OF LABOUR AND EMPLOYMENT

		Rs.
Voted Grant	Original	20,61,000
	Supplementary	Nil
Actual Expenditure	..	21,14,222
Net Excess	..	53,222

The net excess of Rs. 53,222/- occurred mainly under group head A.—Secretariat.

2. The excess was mainly due to more expenditure on Travelling Allowance than the budget provision accepted by the Ministry of Finance. The Ministry proposed a sum of Rs. 2,59,600/- (Non-Plan—Rs. 2,49,600/- and Plan—Rs. 10,000/-) in the budget estimates 1960-61 under Travelling Allowance. The Ministry of Finance reduced this amount to Rs. 1,04,900/-. Again in the revised estimates for 1960-61 an expenditure of Rs. 1,55,500/- was anticipated but the revised estimates for 1960-61 under Travelling Allowance were restricted to Rs. 1,06,400/- by the Ministry of Finance as a measure of economy. The actual expenditure on Travelling Allowance during the year amounted to Rs. 1,38,227/- *i.e.* Rs. 33,327/- more than the sanctioned budget allotment for the year 1960-61. A further excess of Rs. 8,978/- is attributable to additional expenditure on house rent and compensatory allowance as a result of the implementation of the recommendations of the Pay Commission.

The balance of the excess (Rs. 10,917) occurred mainly under other sub-heads namely 'Pay of Officers' and 'Pay of Establishments'

due to the refixation of pay of officers and staff as a result of the implementation of the recommendations of the Pay Commission.

3. Although every effort was made to keep the expenditure under Travelling Allowance and other items within the sanctioned budget allotment, the excess could not be avoided due to the increased activities of the Ministry.

4. The excess of Rs. 53.222|- is only 2.6% of the sanctioned grant. In the circumstances explained above it is requested that the same may be regularised.

5. The note has been vetted by Audit.

(N. N. CHATTERJEE),

Joint Secretary to the Govt. of India.
Ministry of Labour and Employment.

APPENDIX VII

GOVERNMENT OF INDIA

MINISTRY OF STEEL & HEAVY INDUSTRIES

(DEPARTMENT OF IRON AND STEEL)

Note on excess over the Grant No. 82-Misc. Departments and other expenditure under sub-head B-4-Transfer to Iron & Steel Equalisation Fund.

The excess of Rs. 1,72,00,220 over the sanctioned Grant is due to an excess of Rs. 1,80,96,922 under the Group Head B-4-Transfer to Iron and Steel Equalisation Fund of net proceeds of Surcharge and Miscellaneous Receipts.

2. The original budget grant against Group Head "B-4-Transfer to Iron & Steel Equalisation Fund of net proceeds of surcharge and miscellaneous receipts" was Rs. 32,10,00,000. During the first half of the year in question realisation from M/s TISCO was not forthcoming regularly and it was felt that the entire budget provision under this sub-head might not materialise. Accordingly the budget provision was reduced to Rs. 30,00,00,000 and the remainder of the budget grant *i.e.* Rs. 2,10,00,000 was re-appropriated to the Sub-head 'B-3-Price Control of Iron & Steel'. But towards the close of the financial year flow of the receipts were stepped up so that final expenditure under 'B-4' amounted to Rs. 31,80,96,922 resulting in an excess of Rs. 1,80,96,922 over the final grant.

3. The circumstances under which the excess of Rs. 1.81 crores occurred under the head 'B-4' is explained as follows. The original budget provision under 'B-3-Price Control of Iron and Steel' for 1960-61 was Rs. 7.33 crores. Due to the rise in the cost of production of steel the main producers were allowed an increase of Rs. 4.85 per ton in the average retention price of steel for the five year period 1955—60. Further, the average retention price was increased provisionally by about Rs. 45 per ton with effect from 1-4-1960. The additional expenditure required for these two increases in the retention price was anticipated to be Rs. 10·37 crores. The total expenditure under 'B-3' was, therefore, re-estimated at Rs. 17·70 crores. The increase in the expenditure was, however, partly met from a saving of about Rs. 40 lakhs in respect of payments of subsidies to importers. The revised estimates under 'B-3' was, therefore, placed

at Rs. 17,29,09,300. This was met partly through a supplementary grant of Rs. 7,84,42,000 and the balance of Rs. 2,11,45,300 was met by re-appropriation from other sub-heads under the main grant including a re-appropriation of Rs. 2,10,00,000 from 'B-4'.

4. As already stated in para 2 above, it was felt from the trend of realisations from the main producers that the budget provision under 'B-4' might not materialise, and it was thought that a saving of Rs. 2.10 crores could be re-appropriated to the sub-head 'B-3' which required additional provision for meeting the additional expenditure. Later in the year, however, flow of receipts were stepped up causing an excess of Rs. 1·81 crores which could not be anticipated. At the time of final grant, as explained above, we anticipated savings to the tune of Rs. 2·10 crores. If we could have foreseen the greater flow of receipt at the close of the financial year, the increased requirements under 'price control' would not have been met partly through re-appropriation from 'B-4' (as was done) but we would have taken a supplementary grant for the full amount of the additional requirements under 'B-3'—in which case no excess would have resulted under 'B-4'. It may be stated in this connection that with effect from 1-4-57 the transactions of the Iron & Steel Equalisation Fund are routed through the Consolidated Fund of India. The surcharge recoverable is first credited to the Consolidated Fund of India as Revenue Receipt and an equal amount transferred to Equalisation Fund after obtaining a vote of Parliament on the expenditure side. The transaction under 'B-4' is, therefore, in reality an adjustment entry and does not reflect actual expenditure.

(N. N. WANCHOO),

Secretary to the Govt. of India.

APPENDIX VIII

A NOTE ON THE REGULARISATION OF EXCESSES OVER VOTED GRANTS—GRANT NO. 87—LIGHT HOUSES AND LIGHTSHIPS—APPROPRIATION ACCOUNTS FOR 1960-61

Grant No. 87—Lighthouses and Lightships

The excess of Rs. 7,62,314 was mainly under Capital Account of the Grant. The excess of Rs. 10,74,448 under Capital Account was partly offset by the saving of Rs. 3,12,134 under Revenue Account resulting in not Excess of Rs. 7,62,314 under the grant. The excess was mainly due to the following reasons:—

(i) Unanticipated adjustment of debits for the equipment ordered in 1957 for the Decca Chain Stations of the East Coast and West Coast through the Director General, India Store Department, London amounting to Rs. 7,29,713. For want of information of the debits from the Director General, India Store Department, London, provision could not be made in the final grant. At the time of reappropriating Rs. 4.70 lakhs in March, 1961, remittance accounts of the High Commission, India, London upto January 1961 only had been received and no information had been received of shipment of lighthouse equipment made or to be made upto 31-3-61. It was, therefore, assumed that reappropriation of Rs. 4.70 lakhs could be conveniently made. Remittance Accounts of High Commission, India, London, for February and March 1961 were received only in May and June 1961, respectively. These showed debits to the extent of Rs. 7.29,713. Steps are being taken for receiving more promptly from the D.G., I.S.D., London and I.S.M. Washington, intimation of shipments made by them during the last 2 months of the financial year so that such situations are avoided.

(ii) Adjustment of more expenditure on account of customs duty amounting to Rs. 2,88.748 for equipment other than that mentioned in (i) above, imported from abroad than was anticipated in final grant. Intimation of these debits was not available till after March, 1961. The Customs authorities in Bombay had not finalised until the 23rd

March, 1961 assessment of customs duty on the equipment in question and had asked for details of price of the various components of the equipment. The assessment was finalised only on the 31st March 1961 but by that time the funds provided on this account had been reappropriated to the Revenue Account owing to the uncertainty of payment within the year.

(iii) Adjustment of debit of Rs. 36,037 from the Director General of Supplies and Disposal in Saurashtra-Kutch District for the supply of Sikkas Buoys which could not be anticipated in final grant for want of information. The order for 22 buoys was placed in March. 1960 (Value Rs. 5.85 lakhs) and their delivery was to be completed by 15-6-61. One of the terms of payment was that 90% of the price would be paid on delivery of the buoys and 10% on completion of 6 months thereafter on their being found satisfactory. The budget provision made, which could only be approximate, was Rs. 3,00,000. This was reduced in the final grant to Rs. 2,06,900 to cover the cost of the buoys delivered. Later on it transpired from the March, 1961 final accounts that the D.G.S.&D.'s debits for these buoys were to the extent of Rs. 2,42,937. This explains the excess of Rs. 36,037 over the funds provided under Group head J-Lightships.

(iv) Minor excesses amount to Rs. 19,950.

(H. P. SINHA)

Joint Secretary to the Govt. of India.

APPENDIX IX

Ministry of Transport & Communications
DEPARTMENT OF TRANSPORT (ROADS WINGS)

Note regarding excess over the Grants and Appropriation for 1960-61 relating to the Ministry of Transport and Communications

Grant No. 92—COMMUNICATIONS (INCLUDING NATIONAL HIGHWAYS) EXCESS RS. 10,73,266.

The excess of Rs. 10,73,266 is the net result of excesses under two sub-heads in the Grant partly offset by savings under its other sub-heads. The two sub-heads referred to are:—

Sub-head	Final Grant Rs.	Actual Expenditure Rs.	Variation Rs.
B—REPAIRS			
B.1-Maintenance of National Highways	531,62,600	547,91,144	(+) 16,28,544
B.2-Other Communications.	89,82,500	95,76,823	(+) 5,94,323

2. The excess under the sub-head, "B.1" is due to expenditure in excess of the provision made in Andhra Pradesh, Bihar, Gujarat, Himachal Pradesh, Kerala, Maharashtra, Madhya Pradesh, Madras, Mysore, Manipur, Nagaland and Rajasthan. The excesses over the budget provisions in these States, etc. were due mainly to (i) carrying out of emergent and unavoidable flood damages repairs to keep the National Highways fit for traffic, and (ii) incurring of expenditure by certain Divisions of the State Public Works Department without first getting appropriate provision of funds made. The position is given in detail below:—

(i) carrying out of unforeseen emergent, extensive repairs to keep the National Highways in Andhra Pradesh (Rs. 1,45,085), Gujarat (Rs. 10,22,127), Kerala (Rs. 14,004), Maharashtra (Rs. 54,002), Himachal Pradesh

(Rs. 47, 231), Manipur (Rs. 12,490), Bihar (Rs. 64,931), Mysore (Rs. 98,941) and Rajasthan (Rs. 21,100) open to traffic;

(ii) unexpected incurring of some expenditure to enable certain National Highways in Madhya Pradesh to cope with heavy traffic and restoration of flood damages to National Highways in Madras (Rs. 1,22,805);

(iii) incurring of expenditure by certain Divisions of the State Public Works Department without provision of funds (Rs. 1,81,816).

3. As will be seen from para (2) above, the major portion of the excess expenditure was in respect of the Gujarat State. This was due to the necessity of carrying out emergent repairs during 1960-61 to National Highways in that State in order to keep the roads open to traffic. This has been done by the State Government to avoid heavy capital cost in the subsequent years. From time to time it has been impressed upon the State Governments to restrict the expenditure to the maintenance grants made available to them. They are again being asked to be very careful in this regard in future (copy of instruction is enclosed—Annexure).

4. The excess under the sub-head, "B. 2-Other Communications" occurred in Andaman and Nicobar Islands, Manipur, North East Frontier Agency, Nagaland and Himachal Pradesh. The expenditure on the maintenance and repairs of roads other than National Highways is booked under this sub-head. The excess expenditure was due mainly to:—

(i) removal of landslides in Manipur, North East Frontier Agency and Nagaland (Rs. 4,34,542); and

(ii) undertaking in 1960-61 of certain unforeseen urgent repairs works in Andaman and Nicobar Islands and Himachal Pradesh (Rs. 1,29,095).

These Union Territories (except Andaman and Nicobar Islands) being the border States, have a strategic importance of their own. Besides, landslides in these hilly areas sometimes badly dislocate the means of communication and have to be removed immediately in order to keep the communication through and avoid all dislocation of contact with the interior and the district headquarters.

5. It may also be mentioned in this connection that the road works are executed through the agencies of the State Public Works Departments and the Central Public Works Department. The estimates

of requirements for which provisions are made in the Grant, are based on the information furnished by the States/Administrations. They are in turn guided by their subsidiary establishments such as the Chief Engineers, Superintending Engineers, Divisional Engineer, etc. who execute the works actually. The Estimates received are scrutinised by this Ministry and every effort is made to arrive at an estimate which could be considered as reasonable for each of the States/Administrations. This Ministry have also issued circulars to all the States/Administrations to be very careful in framing their Estimates so that excesses are scrupulously avoided. In these circumstances, it would be reasonable to recommend the excess of Rs. 10,73,266 in the Grant for regularisation under Article 115 of the Constitution.

6. This note has been seen by Audit.

H. P. SINHA,
Consulting Engineer (Road Development) & Joint Secretary to the Govt. of India.

ANNEXURE

GOVERNMENT OF INDIA

MINISTRY OF TRANSPORT & COMMUNICATIONS

Department of Transport (Roads Wing)

Telegrams: "ROADIND"
No. B-17(1)/61.

Jamnagar House, Shahjahan Road,
New Delhi-11, *the* 7th *August*, 1962.
16 Sravana, 1884.

From

The Consulting Engineer
(Road Development).

To

The Secretary to the Govt. of Andhra Pradesh/Manipur Admn./ Nagaland Admn./Bihar/Gujarat/Kerala/Maharashtra/Madhya Pradesh/Madras/Mysore/Himachal Pradesh Admn./Rajasthan.

Subject:—*Excess over Grant-Expenditure during* 1960-61 *in respect of Grant No.* 92—*Communications (including National Highways) sub-head* B.1—*Maintenance of National Highways.*

Sir,

I am directed to say that during the year 1960-61, a final allotment of Rs. was placed at your disposal for the maintenance and

repairs of National Highways and it was specifically instructed in the letter of sanction that the expenditure during the year should be restricted to the amount of the allotment. It is, however, observed from the appropriation accounts, 1960-61 that an expenditure of Rs. was incurred in your State/Administration during that year in spite of the direction referred to. This resulted in an excess expenditure of Rs.

2. The need for restricting expenditure to the amount of allotment sanctioned by the Government of India has been impressed upon the States/Administrations time and again.

3. This Ministry are responsible to the Parliament for the grants voted by it in respect of National Highways and are answerable for the excesses over the voted grants before the Public Accounts Committee of the Parliament, who take a very serious view of incurring unauthorised expenditure. They regard this as an irregularity which, in fact, reduces Parliament's approval to a formality of no import.

4. Persistence in this irregularity might force the Government of India to instruct the Audit not to accept such excess expenditure as chargeable to National Highways. The Parliament does not easily regularise such expenditure.

5. I am to request again that very clear and definite instructions may be issued forthwith to all concerned in your State/Administration to the effect that the incurring of expenditure in excess of voted grants should be avoided *at all costs.*

6. A copy of the instructions issued on this subbject may also kindly be endorsed to this Ministry

Yours faithfully,
GOVERDHAN LAL,
Additional Consulting Engineer (Roads)
for Consulting Engineer (Road Development).

APPENDIX X

MINISTRY OF TRANSPORT & COMMUNICATIONS
DEPARTMENT OF TRANSPORT (ROADS WING)

Note regarding excess over the Grants and Appropriation for 1960-61 *relating to the Ministry of Transport and Communications Grant No.* 133-*Capital Outlay on Roads.*

Excess (Voted) Rs. 2,48,91,799

Excess (Charged) Rs. 8,066

The overall excess of Rs. 2,48,91,799 - is mainly attributable to the major excess of Rs. 3,29,26,460 under the group head "A-2-Construction of Border Roads".

2. The excess was mainly due to the following reasons:—

(a) Contrary to expectation, most of the machinery and equipment ordered abroad and in India through the Directorate General, Supplies and Disposals materialised and were paid for during 1960-61. The excess on this account is Rs. 103·83 lakhs in respect of imported item and R. 42·57 lakhs in respect of stores purchased in the country.

(b) One of the main items obtained from Defence stock was bridging. The actual price to be paid for this item was under consideration and as such it was anticipated that an adjustment on this account would be made only in the succeeding year. However, rates were fixed during June 1961 and adjustment was carried out in the supplementary accounts of the year. This accounts for an excess of about Rs. 105·86 lakhs.

(c) Expenditure to the extent of Rs. 72·51 lakhs had to be incurred on certain urgent and unforeseen works.

3. The charged expenditure of Rs. 8,066/- under the sub-head "A.1.-Construction of National Highways" was incurred on the

following works in satisfaction of a Court decree, an arbitration award and the cost of court stamps in arbitration case:—

S. No.	Name of work	Expenditure
		Rs.
1.	Laying ¾" thick premixed carpet on 14 mile on T. R. Road (Job No. 596-SK-31A)	6,658
2.	Laying ¾" thick premixed carpet on 0-25 mile on R.G.C. Road (Job No. 595-SK-31A)	24
3.	Constructing the English bazzar (Malda) to Pagla river section of National Highway No. 34.	1,384
		8,066

No funds were asked for by any State Government or the Central Public Works Department under "Charged" expenditure at the time of submitting budget proposals and again at the time of sending revised proposals. The requisite funds to cover the charged expenditure which had been incurred before December 1960 on the works at S. Nos. 1 & 2 above were demanded by the Central Public Works Department in the final requirements which were intimated to this Ministry on 9th February 1961. No funds to cover this expenditure were provided through misunderstanding. An intimation about the "Charged" expenditure on the work at S. No. 3 above was given by the Government of West Bengal on 15th December 1960 but specific request for funds was made only on 23rd March 1961. It was then too late to obtain any supplementary appropriation or an advance from the Contingency fund. The total "Charged" expenditure on the three works mentioned above therefore resulted in an excess under the sub-head "A.1—Construction of National Highways" during the year 1960-61. Out of this "Charged" expenditure the amount of Rs. 1,384 has been wrongly debited to Central Funds. Since the decree was against the State Government of West Bengal this was a "Charged" expenditure on State Revenues. In the accounts of the Central Government this should have been adjusted under voted section of the grant as it relates to a National Highway. This was pointed out to the State Government by the Ministry on 12th September 1961 but the adjustment could not be got corrected. The actual excess under the *Charged Section*

as thus Rs. 6,682 which may please be recommended to Parliament for regularisation.

4. This note has been seen by Audit.

(H. P. SINHA),

Consulting Engineer (Road Development) & Joint Secretary to the Govt. of India.

APPENDIX XI

GOVERNMENT OF INDIA

MINISTRY OF WORKS, HOUSING AND SUPPLY

Notes for the Public Accounts Committee relating to regularisation of excess in Grant No. 96—Other Civil Works for 1960-61.

The excess disclosed in the Appropriation Account of the above-mentioned Grant is as under:—

EXCESS OVER VOTED GRANT—Rs. 1,64,10,450.

2. The excess is mainly under G—Suspense head which accounts for an excess of Rs. 1,92,21,939. Further, there are excesses under heads 'B-Repairs' and 'C-Establishments' amounting to Rs. 58,740 and Rs. 3,35,794 respectively. A part of the overall excess is offset by savings arising in other sub-heads of the grant, leaving an uncovered excess of Rs. 1,64,10,450 under 'Suspense' head requiring regularisation.

3. The reasons for excesses under "Repairs" and "Establishments" and "Suspense" are given below:—

(1) *Repairs (Rs.* 58,740)

The entire excess is attributable to Central P.W.D. This is due to mis-classification of the expenditure of Rs. 3,92,113 relating to 'Furniture' under this head instead of under 'E-Furniture' under which corresponding saving has occurred. The mis-classification could not be detected and set right during the year.

(2) *Establishments (Rs.* 3,35,794)

The entire excess under this head also relates to Central P.W.D. The excess has resulted on account of adjustment of pay, allowances etc., pertaining to the year 1959-60 in March 1961 final and Supplementary Accounts. Due to late receipt of vouchers from the respective Accountants General the expenditure could not be booked in the Accounts for 1959-60. The fact that the adjustment was carried out after the close of the financial year 1960-61 came to the notice of the Department too late to arrange for funds in that year.

(3) *Suspense* (*Rs.* 1,92,21, 939)

Against the final grant of Rs. 23,10,99,700 the actual expenditure under Group G (Voted) for the year amounted to Rs. 25,03,21,639, resulting in an excess of Rs. 1,92,21,939 mainly under the following Authorities:—

1.	Central P.W.D.	Rs.	1,14,45,419
2.	Manipur	,,	4,72,383
3.	Tripura	,,	17,51,142
4.	Himachal	,,	47,31,164
5.	Delhi Administration	,,	7,21,084
6.	Laccadive, Minicoy & Amindivi Islands	,,	5,52,644
7,	Mysore State	,,	2,42,949
8.	Ministry of Commerce & Industry	,,	68,719
9.	Andaman & Nicobar Islands (—)	,,	10,55,124
		Rs.	1,89,30,380

The reasons for the excesses are explained below:—

Central P.W.D. (*Rs.* 1,14,45,419)

Against the final grant of Rs. 17,40,00,000 under the "Suspense" head the Central P.W.D. had incurred an expenditure of Rs. 18,54,45, 419 resulting in an excess of Rs. 1,14,45,419. The following figures indicate the final excesses under the various detailed minor heads subordinate to "Suspense".

G. Suspense	*Final Excesses* Rs.
G.1 Stock	
G.1(1) Charges	32,08,863
G.2 Other Suspense Accounts	
G.2(1) Charges	82,36,556
	1,14,45,419

The excess resulted on account of:—

(*a*) *G.* 1 *Stock—G.*1(1) *Charges* (*Rs.* 32,08,863)

(I) Omission to provide funds amounting to Rs. 19,67,000/- on account of transfer of stores on 31.12.60 by Nasik Central Division

to Nasik Food Storage Division on the abolition of the former Division.

(II) Receipt of more materials than anticipated. There was unexpected receipt of stores in the months of February and March, 1961 aggregating to Rs. 12,41,863.

(b) G. 2-Other Suspense Accounts—G. 2(1) Charges—Rs. 82,36,556

(I) Mainly due to adjustment of old outstanding debits (Rs. 70,71,426) pertaining to period from 1947-48 onwards. These items were pending adjustment for a long time and it was finally decided on 5.10.1960 to liquidate them on *ad hoc* basis. At the time of framing supplementary estimates in January, 1961 no indication was available as to the possibility of these adjustments being carried out during the year. Hence no provision could be made and this resulted in an excess.

(II) Provision of funds to cover the anticipated deposit to be received from the Municipal Corporation in respect of works executed on their behalf, under 'Charges' instead of 'Recoveries' (Rs. 17,46,638).

(III) Erroneous adjustment of expenditure in respect of Indian Stores Sub-Division at Calcutta and Small Scale Industries Sub-Division (Rs. 7,00,770) under Central P.W.D. The expenditure should have been correctly shown under P.W.D. Andamans (Rs. 6,60,615) and under Ministry of Commerce and Industry Area (Rs. 40,155). This wrong adjustment could have been detected if reconciliation was made in time by the Public Works Departments. The attention of Departments has again been drawn to the existing instructions on the need and importance of regular and proper reconciliation. The above excesses were partly counter-balanced by adjustment of credit of Rs. 1,92,345 pertaining to Delhi State Division No. III under Central P.W.D. and other savings (Rs. 10,89,933) due to various causes. The attention of all the Divisional officers has already been invited to the existing instructions to exercise proper control over expenditure with a view to avoid large variations in the grant.

Manipur (Rs. 4,72,383)

The original grant of Rs. 26,50,000 was increased to Rs. 44,74,000 partly by a Supplementary Grant for Rs. 13,50,000 and partly by re-appropriation of Rs. 4,74,000. Against this the Manipur Administration incurred an expenditure of Rs. 49,46,383 resulting in an excess of Rs. 4,72,383. The Administration has stated that excess was due to purchase of more materials (including electrical equipments) during the year to meet the increased tempo of development works

to achieve the targets of the Second Five Year Plan. As the supplies of materials indented for during the months of December to February, 1961 were not expected to be paid for during that very year, the funds to that extent were excluded from the Supplementary Grants proposals. Contrary to expectations the materials were received immediately after placing the indents, thus resulting in the excess expenditure.

Tripura (*Rs.* 17,51,142)

The Tripura Administration incurred an expenditure of Rs. 1,12,88,142 against the final grant of Rs. 95,37,000, resulting in an excess of Rs. 17,51,142. It has been explained by the Administration that the excess was due to

(i) Adjustment of debit memos for stores received towards the end of 1960-61 after the finalization of supplementary grant proposal from the Accountant General, Assam, thereby leading to an excess of Rs. 15,67,487.

(ii) Unanticipated adjustments of Rs. 5,08,160 which were expected to be carried out in the following year.

(iii) Payment in advance on the basis of Railway Receipts for supply of steel (Rs. 91,938).

(iv) Petty (Rs. 40,570).

The above excesses were partly counter-balanced by Rs. 4,56,905 on account of non-arrival of indented materials due to restricted booking facilities (Rs. 1,96,305) and non-compilation of accounts in the Mechanical Sub-Division due to the absence of Divisional Accountant (Rs. 2,60,600).

Himachal Pradesh (*Rs.* 47,31,164)

The Himachal Pradesh Administration had incurred an expenditure of Rs. 2,63,33,664 against the final grant of Rs. 12,16,02,500 resulting in an excess of Rs. 47,31,164. The Administration has stated that the excess was on account of (i) Inadequate provision made by some Executive Engineers due to their omission to provide for gross debits under 'Suspense'. This was omitted to be kept in view by some of the Executive Engineers when demanding funds owing to their ignorance of the procedure for gross budgeting. The officers concerned have been instructed to follow strictly the procedure prescribed for the purpose (Rs. 26,22,000).

(ii) Some materials indented for by some of the Divisions during 1959-60 and 1960-61 were not provided for in the 1st statement of Excess and Surrenders as these had not been received by September, 1960, when it was compiled by the Executive Engineer, and as their receipt was not expected during the year. These were, however, unexpectedly received in January to March, 1961, when the requisite provision for them could not be made as it was then too late to apply for Supplementary Grant, thus causing an excess expenditure (Rs. 9,45,000).

(iii) Non-provision by one Executive Engineer for Stock transferred from another Division through oversight (Rs. 5,45,000).

(iv) Adjustment of debit memos received from the Accountant General, Punjab towards the end of the year 1960-61, when these could not be provided for but had to be adjusted during the year. These were expected to be carried out only in the following year. This resulted in an excess expenditure of Rs. 3,47,445.

(v) Non-recovery during the year of the expenditure incurred by an Executive Engineer on Jagadhri Paonta Rajban Rohru Road from the Uttar Pradesh Government. The amount was, therefore, kept under "Misc.-Public Works Advances" (Rs. 1,14,000).

(vi) Non-recovery during the year of the expenditure incurred by an Executive Engineer for the works of Territorial Council which had to be placed under "Misc. P.W. Advances" Spending recovery (Rs. 84,926).

(vii) The expenditure on the construction of a road (portion in Punjab Territory) in one Division having been debited under "Misc. P.W. Advances" as the acceptance of the State Government for the same was not received during the year (Rs. 54,000).

(viii) Actual debits for some of the materials received during the year being more than anticipated (Rs. 18,793).

Delhi Administration (Rs. 7,21,084)

The original budget grant of Rs. 32,00,000 was enhanced to Rs. 40,25,000 partly by a supplementary grant of Rs. 7,00,000 and partly by re-appropriation of Rs. 1,25,000 under the 'Suspense' head. Against this final grant the Delhi Administration incurred an expenditure of Rs. 47,46,084 resulting in an excess of Rs. 7,21,084. This excess under "Suspense" has been explained as due to receipt of unanticipated debits after submission of final estimates.

Laccadive, Minicoy & Amindivi Islands (*Rs.* 5,52,644)

An expenditure of Rs. 9,52,644 has been incurred under the 'Suspense' head during 1960-61 while the final grant was fixed at Rs. 4,00,000. This resulted in an excess expenditure of Rs. 5,52,644 under the sub-head 'Other Suspense Accounts Charges'. The Laccadive, Minicoy & Amindivi Islands Administration has explained that the excess is due to 'nil' provision made under the head during 1960-61.

The procedure for budgeting under 'Suspense' head which requires inclusion of provision under 2 different heads *viz.*, 'Purchase' and 'Stock', was not understood by the Administration. They did not therefore suggest any supplementary grant.

Mysore Circle (*Rs.* 2,42,949).

No Budget provision was made under the 'Suspense' head during the year 1960-61 in Mysore Circle of Account. The excess of Rs. 2,42,949 represents adjustment of balances under the sub-head 'Other Suspense Accounts Charges' relating to Bangalore Central Division of Central P.W.D. transferred to Pondicherry Central Division. The excess under 'Mysore State' is counter-balanced by corresponding minus debit under 'Suspense' head in 'Madras Circle'.

Ministry of Commerce and Industry (*Rs.* 68,719).

The Ministry of Commerce and Industry incurred an expenditure of Rs. 68,719 against a nil provision under the 'Suspense' head. The excess was due to omission to make provision in accordance with the procedure for gross budgeting under 'Suspense'.

The uncovered excess of Rs. 1,64,10,450 explained in para 3 above may be recommended for regularisation by Parliament.

NEW DELHI,
October 4, 1962.

C. P. GUPTA,
Joint Secretary to the Govt. of India.

APPENDIX XII

GOVERNMENT OF INDIA

MINISTRY OF IRRIGATION AND POWER

Subject:—Regularisation of Excesses over charged appropriations disclosed in the Appropriation Accounts (Civil), 1960-61.

Grant No: 125—Other Capital Outlay of the Ministry of Irrigation and Power—Excess in charged Appropriation.

NOTE

On May 15th, 1956, administrative approval and expenditure sanction of the President was accorded in respect of flood control measures for the protection of Indraprastha Estate and the Railway Siding embankment feeding supplies to the Power House at Delhi Gate. This included an estimate amounting to Rs. 12,73,775 for the construction of Spurs and revetment on the right bank of the river Yamuna along Railway Siding from Power House to Drain No. 12. During the year 1960-61, an arbitration case arose in respect of the execution of this work. As a result of the arbitration award made on 14th November, 1960, a sum of Rs. 5,134 had to be paid to the Contractor. However a recovery of Rs. 1,132 which had become due from another Contractor on some other work was appropriated as part recovery and the balance of Rs. 4,002 was paid and debited as 'Charged' expenditure to the estimate. The recovery of Rs. 1,132 was wrongly classified by the Division concerned as reduction of expenditure in the Charged Section of the Grant instead of as "Deduct receipts and recoveries on Capital Account". The actual amount of excess in the Charged Section is therefore Rs. 5,134.

2. The arbitral award of Rs. 5,134 had to be met in November, 1960. This expenditure was not reported to the Ministry till the 20th February, 1961 when it was not possible to obtain a Supplementary Charged Appropriation. An advance from the Contingency Fund for payment of the decretal amount was not however obtained through oversight. Thus the expenditure remain uncovered. Instructions (copy enclosed Annexures I & II) have now been issued to all the

authorities concerned to report such expenditure to the Ministry immediately it becomes payable so that supplementary appropriation could be obtained in time.

3. The 'Charged' expenditure of Rs. 5,134 is small and it is requested that it may kindly be recommended for regularisation.

M. K. KIDWAI,

Joint Secretary to the Government of India.

ANNEXURE I

No. Bud.5(3)/62

GOVERNMENT OF INDIA

MINISTRY OF IRRIGATION AND POWER

From

Shri Daya Shankar,
Under Secretary to the Government of India.

To

All Administrations of Union Territories,
Himachal Pradesh, Delhi, Tripura, Manipur, Nagaland,
NEFA, Andaman & Nicobar Islands and Laccadive,
Amindivi & Minicoy Islands.

Dated New Delhi, the 12th July, 1962.

SUBJECT:—*Provision for Charged expenditure to meet the payments of awards, decrees etc., likely to be made against Government in coming year.*

Sir,

I am directed to refer to the Ministry of Finance (Department of Economic Affairs) Office Memorandum No. F.2(55)-B/57 dated the 12th June, 1957 (copy enclosed for ready reference) on the subject mentioned above. The provision for expenditure on flood protection works and electricity schemes in Union Territories is made in Grant "Other Capital Outlay of the Ministry of Irrigation and Power". A case has recently come to the notice of the Government of India in which payment was made by an engineering officer in November to a Contractor in satisfaction of an award given by the arbitrator. The fact that the expenditure had been incurred in November was, however, brought to the notice of the Government of India only towards

the end of February of the succeeding year after Demands for Supplementary Grants had already been submitted to Parliament. Even this was done in a routine way by the Officer concerned in a letter sent direct to the Government of India and no proposal for a Supplementary Grant in respect thereof was received from the Administration of the Union Territory in accordance with the prescribed procedure. The result was that the "Charged" expenditure remained uncovered.

2. In order to avoid recurrence of such irregularities in future, the Government of India shall be grateful if you will kindly impress upon all the Subordinate authorities concerned with the execution of flood control and electricity schemes that they should submit proposals for Supplementary Grants addressed to the Department concerned of the Administration of the Union Territory (under intimation to this Ministry) immediately after the necessity of incurring the expenditure becomes apparent. The concerned Department of the Union Territory should also examine the position on a top priority basis and submit their recommendations to the Government of India well in time so that the necessary funds can be provided by obtaining a Supplementary Grant, if necessary, before the close of the financial year. The dates by which the requests for Supplementary Grants are to reach this Ministry are intimated to the Administrations of the Union Territories from time to time every year and I am to request that these dates may please be adhered to strictly in the submission of their proposals.

3. The receipt of this letter may please be acknowledged.

Yours faithfully,

Sd/- DAYA SHANKAR,

Under Secretary to the Government of India.

ANNEXURE II

Copy of the Office Memorandum No. F.2(55)-B/57 dated the 12th June, 1957 from the Ministry of Finance (Department of Economic Affairs) to all the Ministries and Departments of the Government of India etc. etc.

SUBJECT:—*Provision for Charged expenditure to meet the payments of awards, Decrees, etc. likely to be made against Government in the coming year.*

The undersigned is directed to state that the question of making provision in the budget in anticipation of the awards, decrees, etc. likely to be made against Government in the coming year has been

under consideration for some time. Some Ministries, Departments etc., where such payments are a regular feature, have complained that the procedure of obtaining an advance from the Contingency Fund of India to meet each and every such payment causes grave inconvenience. In most cases payments have to be made immediately under the orders of the Court and there is time to ask for the sanction of an advance from the Contingency Fund and to draw the amount against it. The Government are also advised that there is no constitutional objection in anticipating such awards and including provision for them in the annual budget. It has accordingly been decided that in the case of Ministries, Departments, etc. where such awards are normal feature, provision may be included as a 'Charged' item of expenditure for the likely payments to be made during the year on the basis of past trends of actuals and such other relevant data that the Ministries, etc. might have. If this provision proves inadequate, it will be necessary to supplement it by a supplementary appropriation or in the case of an immediate payment, to ask for an advance from the Contingency Fund. In the case of Ministries, etc., where only stray cases occur and it is not possible to anticipate them beforehand, there would be no option but to ask for a Supplementary appropriation and, if necessary, an advance from the Contingency Fund.

It would, however, be nesessary to ensure that the amounts included in the annual budget in anticipation of the awards, decrees, etc., likely to be made against Government in the coming year are reduced to the absolute minimum. The provision to be included should, therefore, be made only after obtaining the prior concurrence of the Financial Adviser.

APPENDIX XIII

Note explaining the reasons for the excess expenditure of Rs. 19,629/- in the "Charged Appropriation" under Grant No. 134—Other Capital Outlay of the Ministry of Transport & Communications during the year 1960-61.

In connection with the establishment of the Radio Receiving Station for the Overseas Communications Service at Chattarpur, Delhi, land measuring 628 Bighas and 5 Biswas was acquired in 1954-55 by the Govt. of India through the Land Acquisition Collector, Delhi. The Land Acquisition Collector fixed the compensation for the land at certain rates and the total Compensation payable under his award was assessed at Rs. 3,57,593/- which was duly sanctioned in 1956. However, some of the owners, not being satisfied with that award, filed applications, under Section 18 of the Land Acquisition Act 1894, for enhanced compensation. On considering the applications, the Court of Additional District Judge, Delhi, awarded on 27/5/59 compensation at enhanced rates. The total amount of the additional compensation under this award came to Rs. 19,629/-.

2. A copy of the judgment of the Court was not received by the Ministry and hence payment could not be made immediately. On 23/5/60 the Court issued a notice asking the Ministry to deposit the awarded amount within a period of three months. Thereupon, necessary sanction for the payment was issued on 6/7/60, in consultation with the Ministry of Finance. Due to a misunderstanding, it was considered that the expenditure would be accounted for in the voted section of the grant and met from savings thereon. However, after the close of the financial year 1960-61, it became known that as the payment was in satisfaction of a decree of a Court, the expenditure would be accounted for under the "Charged" Section of the account, in view of Article 112(3)(f) of the Constitution of India. At that stage, there was no scope for obtaining a supplementary appropriation for the purpose and, as there was no provision in the "Charged Section" of the budget for 1960-61 under the grant, an excess over the Appropriation has occurred.

3. In the circumstances, it is requested that the excess may kindly be regularised.

The Note has been seen by Audit.

M. M. PHILIP,
Secretary to the Govt. of India.

APPENDIX XIV

Tour Expenses of Ministers

Year	Grant No.	Final Grant	Actual expenditure	Excesses (Plus) Savings (Minus)
		Rs.	Rs.	Rs.
1957-58	52-A3	6,00,000	5,57,446	—42,554
1958-59	52-A3	6,19,900	6,49,114	+29,214
1959-60	47-A3	7,00,000	6,43,863	—56,137
1960-61	46-A3	7,00,000	9,58,010	+2,58,010

SUMMARY OF RECOMMENDATIONS/CONCLUSIONS

APPENDIX XV

SUMMARY OF RECOMMENDATIONS/CONCLUSIONS

S. No.	Para No.	Ministry or Department concerned	Conclusions/Recommendations
1	2	3	4
1	2	All Ministries.	The Committee note that while there has been some improvement in the situation some of the notes were received in the Lok Sabha Secretariat more than two months after the presentation of the Appropriation Accounts to Parliament. The Committee expect the Ministries strictly to adhere to the prescribed time limit and trust that every endeavour will be made to avoid similar delays in future. Had the Ministries furnished their notes in time, it would have been possible for the Committee to examine the excesses much earlier and present their Report to Parliament in the August-September, 1962 session.
2	4	Finance and all Other Ministries.	One unsatisfactory feature noticed by the Committee was that out of 11 voted Grants in which excesses occurred in as many as 5 cases, amounts were surrendered as late as in March, 1961. This would show that the Ministries concerned did not have a correct appreciation of the trends of expenditure against these grants right upto the end of the Financial year. The Committee would like the Ministry of Finance to examine this aspect in detail in consultation with the Ministries concerned, so as to avoid such anomalous situations in future.

1	2	3	4
3	6	All Ministries	The Committee observe from the notes furnished to them by the Ministries concerned that, as in the previous years, the excesses were primarily due to defective assessment of requirements in the budget and in the revised estimates. In some cases misclassification in accounts was partly responsible for the excesses. This would indicate the imperative need for greater attention to estimating, control over progress of expenditure and prompt reconsiliation of the departmental figures of expenditure with those of the Accounts offices.
4	7	Do.	The Committee find from one of the explanatory notes on excesses that the Ministry of Finance have already issued clear instructions in June 1957 regarding provision for charged expenditure to meet payments of awards, Decrees, etc. likely to be made against Government during the year. They trust that these instructions would be followed strictly in future and that in regard to provision of fund to meet the expenditure on account of arbitration awards/ Court Decrees and their correct accounting, there will be no oversights or misunderstandings.
5	8(i)	External Affairs	The Committee feel that the explanation of the Ministry is not quite satisfactory; for the Nagaland Administration should have got in touch with the State Government concerned and the Accounts Officers and ascertained the extent of debits likely to be raised. Obviously this was not done. This only confirms that there has been lack

1	2	3	4
			of close liaison between the Administration and the concerned State Governments and Accounts Offices. The Committee consider that there is a need for closer co-ordination amongst the various departments concerned with the object of ensuring that the expenditure does not exceed the voted grants.
6	8(ii)	Home Affairs	The Committee are not convinced with the explanation offered. The tours of the Ministers must have been notified well in advance. Had the Ministry exercised a close watch over the expenditure on tours, consulting the tour programme from time to time, the resultant excess could have been avoided.
7	8(iii)	Home Affairs	(i) The Committee are not convinced of the explanation given by the Ministry. They feel that the Ministry acted on assumptions instead of reviewing the position with reference to the expenditure already incurred by and actual needs of the Manipur Administration. (ii) The Committee observe from the Ministry's explanation that the excess was primarily due to lack of knowledge of the accounting procedure regarding the receipts from the State Trading Department. This would indicate the need for greater attention to accounting of transactions in order to ensure proper control over expenditure.
8	8(iv)	Steel and Heavy Industries.	The Ministry have stated that the excess of Rs. 1,80,96,922 in Grant No. 82 was due to the flow of receipts under Group Head 'B-4' having been stepped up contrary

1	2	3	4
			to their expectations. Even allowing for the factors mentioned by the Ministry, the large excess of Rs. 1.81 crores indicates that there has been a failure to make a reasonable assessment in time of the amounts likely to be realised from the Steel Producing Companies. The Committee trust that the Ministry will endeavour to improve the procedure in this respect.
9	8(v)	Transport and Communications (Department of Transport).	The reasons stated by the Ministry regarding the excess in Grant No. 87 would show that the Ministry's control over expenditure has not been adequate and effective. The Committee feel that the unliquidated liabilities could have been foreseen if a proper watch had been kept through the liability Register and if the Ministry had been in constant touch with the concerned Departments from whom the debits were to be received. The Committee, however, hope that suitable steps will be taken to ensure that such excesses do not recur.
10	8(vi)	Transport and Communications (Department of Transport).	The Committee are of the view that the excesses in Grant No. 133-Capital Outlay on Roads could have been anticipated and provided for, had there been close liaison between the indenting and supplying Departments. In regard to expenditure of Rs. 72.51 lakhs on certain urgent and unforeseen works (roads), the Committee feel that even though the works were of an urgent nature their completion should have taken enough time to enable the Ministry to arrange for a supplementary grant.

1	2	3	4
11	8(vii)	Works, Housing & Supply.	(*i*) As regards the excess under the head 'B-Repairs', the Committee feel that if the departmental figures had been classified properly and reconciled with the accounts in time as enjoined on the Controlling Officers, misclassification could have been detected earlier and rectified in time. They also feel that had a proper watch been kept over the trend of the expenditure with reference to the sums allotted under various heads in the Grant, such a glaring misclassification could have been detected and set right earlier. (*ii*) As regards the excess under 'C-Establishments', the Committee view with concern the fact that the omission to include in the accounts for 1959-60 a substantial amount of expenditure which had been incurred in that year did not come to light in time during the reconciliation of the expenditure between the departmental and Accounts Office Books. This seems to indicate either that the departmental registers have not been maintained properly or that the work of reconciliation is not being given the care and attention it deserves. The need for close liaison between the departmental authorities and the Accounts Department is indicated. Had the Departmental Authorities pointed out to the Accountant General concerned that in a particular month certain amounts have not been adjusted on account of pay etc., this would have enabled the latter to take timely action to ensure that necessary adjustments were effected in the

(1)	(2)	(3)	(4)
			accounts of the year 1959-60 itself. The Committee trust that the manner in which reconciliation is being done will be reviewed and the procedure set right.
			(*iii*) The specific lapses resulting in the excess under the head "G-Suspense" point to a failure on the part of the Controlling Officers to observe the prescribed procedure and could have been largely avoided. The Committee observe that there had been excess expenditure against this grant every year since 1952-53, except in 1958-59. This would indicate a sense of complacency on the part of the Ministry in allowing such an unsatisfactory state of affairs to continue year after year.
		Works, Housing & Supply Finance C. & A.G.	(*iv*) The bulk of excess under this Grant has been due to 'Suspense' which has been the subject of criticism in the past by the Public Accounts Committee. No effective steps appear to have been taken so far to improve the position. The Committee recommend that the matter need some serious rethinking so that a suitable procedure may be devised in consultation with the Ministry of Finance/Comptroller and Auditor General to improve the technique of estimating the control over 'Suspense' transactions.
12	9	General	Subject to the above observations, the Committee recommend that the excesses referred to in para 5 of the Report be regularised by Parliament in the manner prescribed in Article 115 of the Constitution.

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